



**Department of Insurance**

**State of Arizona**

*Office of the Director*

**Telephone: (602) 912-8456**

**Telecopier: (602) 912-8452**

**JANET NAPOLITANO**

Governor

2910 North 44th Street, Suite 210

Phoenix, Arizona 85018-7256

www.id.state.az.us

**CHRISTINA URIAS**

Director of Insurance

REGULATORY BULLETIN 2006-01 <sup>1</sup>

**TO:** Insurance Rating Organizations Insurance Industry Representatives; Insurance Trade Associations; Property & Casualty Insurers; and, Other Interested Parties

**From:** Christina Urias  
Director

**Date:** January 19, 2006

**RE:** **Revision of Private Passenger Automobile Property Damage Threshold For Purposes Of A.R.S. § 20-1631(E)**

The Arizona Department of Insurance (“Department”) administers the Arizona Revised Statutes, Title 20, Chapter 6, Article 11, regarding the cancellation or nonrenewal of personal automobile insurance. This article restricts the reasons an insurer may cancel or nonrenew a personal automobile policy after it has been in effect for 60 days to the reasons set forth in A.R.S. §20-1631(D). However, A.R.S. §20-1631(E) sets forth the conditions under which an insurer is permitted to annually nonrenew no more than one-half of one percent of its personal automobile policies.

For accidents occurring after January 1, 2000, A.R.S. § 20-1631(E) requires the Department to annually adjust and publish, to the nearest \$10, the threshold amount of property damages insurers may use to nonrenew private passenger automobile policies under Subsection E. The threshold adjustment must be based upon the percentage change in the all-items component of the consumer price index for all urban consumers (CPI-U) of the United States Department of Labor, Bureau of Labor Statistics (BLS). To date, the Department has adjusted the threshold as follows:

<b>Circular Letter Or Bulletin Number</b>	<b>Date</b>	<b>BLS' CPI-U</b>	<b>Property Damage Threshold</b>
Circular Letter 2000-3	2/14/00	2.2%	\$1,840
Regulatory Bulletin 2001-1	2/7/01	3.4%	\$1,900
Regulatory Bulletin 2002-1	1/28/02	2.8%	\$1,950
Regulatory Bulletin 2003-02	1/23/03	1.6%	\$1,980
Regulatory Bulletin 2004-1	2/13/04	2.3%	\$2,030
Regulatory Bulletin 2005-2	2/2/05	2.7%	\$2,080

<sup>1</sup>This Substantive Policy Statement is advisory only. A Substantive Policy Statement does not include internal procedural documents that only affect the internal procedures of the Agency, and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this Substantive Policy Statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes Section 41-1033 for a review of the Statement.

The BLS' most current United States' City Average CPI-U is 3.4%. Therefore, as of this date, **the property damage threshold level is hereby increased to \$2,150** ( $\$2,080 \times 1.034$  rounded to the nearest \$10). Insurers may not use Subsection E to nonrenew personal automobile policies unless all of the requirements stated in A.R.S. § 20-1631(E) are met and the property damage has exceeded \$2,150 in 2006. The \$2,150 threshold will remain in effect until the Department publishes an adjusted threshold in 2007.

If you have any questions regarding this matter, please feel free to contact Jack Sneathen at (602) 364-3453.